

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 NSC-05 CIAE-00 PM-04 INR-07 L-03
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FM USMISSION NATO
TO SECSTATE WASHDC 2030
SECDEF WASHDC
INFO ALL NATO CAPITALS 6878
CINCLANT
USCINCEUR
USDOCOSOUTH
USLOSACLANT
USNMR SHAPE

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 1213

E.O. 11652: GDS
TAGS: MPOL, NATO, DA, IT
SUBJECT: NORTH ATLANTIC COUNCIL MEETING, MARCH 4, 1977:
NEW DANISH DEFENSE AGREEMENT

REF: (A) COPENHAGEN 1299 (DTG 031615Z MAR 77, NOTAL)
(B) COPENHAGE 1285 (DTG 031315Z MAR 77, NOTAL)
(C) USNATO 1128 (DTG 021701Z MAR 77, NOTAL)
(D) USNATO 1079 (DTG 281724Z FEB 77, NOTAL)

SUMMARY: AT 4 MARCH COUNCIL MEETING DANISH AMBASSADOR
DELIVERED A STATEMENT ON THE NEW DANISH DEFENSE AGREE-
MENT, WHICH WILL PROVIDE A FIXED LEVEL OF DEFENSE SPENDING
FOR A FOUR-YEAR PERIOD, INDEXED FOR INFLATION, AND
WITH MARGINAL REAL ANNUAL INCREASES. THESE INCREASES
WILL BE ABSORBED BY THE HOME GUARD, RECRUIT PAY, MONI-
TORING OF TERRITORIAL WATERS AND MISCELLANEOUS PROGRAMS.
DENMARK REQUESTED ALLIED COMMENT ON THE DEFENSE AGREEMENT
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PRIOR TO 18 MARCH, AND THE DPC WILL HOLD AN INSTRUCTED
DISCUSSION ON THE DANISH DEFENSE AGREEMENT BEFORE THEN.
ACTION REQUESTED: WASHINGTON VIEWS BY COB 14 MARCH.
END SUMMARY.

1. AT THE 4 MARCH COUNCIL MEETING, SVART (DENMARK)
DELIVERED A STATEMENT (TEXT SEPTTEL) ON THE NEW FOUR-YEAR
DANISH DEFENSE AGREEMENT (REFS A AND B) WHICH HAS BEE
SUBMITTED TO THE DEFENSE COMMITTEE OF THE FOLKETING
(PARLIAMENT) FOR BUDGETARY APPROVAL BY 18 MARCH.

2. SVART REVIEWED THE COURSE OF POLITICAL DISCUSSIONS LEADING UP TO THE NEW ACCORD, NOTING THAT AGAINST THE BACKGROUND OF ADVERSE TRENDS IN THE EAST-WEST FORCE BALANCE, THE GOVERNMENT WANTED A STABLE LONG-TERM AGREEMENT CAPABLE OF SECURING STEADY DEVELOPMENT OF DANISH DEFENSE CAPABILITIES. HE EMPHASIZED THAT DESPITE AN EXTREMELY SERIOUS ECONOMIC SITUATION, NECESSITATING REDUCTIONS IN MOST SECTIONS OF THE STATE BUDGET, THE REALITIES OF THE OVERALL SECURITY SITUATION IMPELLED THE GOVERNMENT TO EXEMPT THE DEFENSE SECTOR FROM OTHERWISE DESIRABLE FINANCIAL TIGHTENING.

3. ACCORDING TO SVART, THE NEW DEFENSE AGREEMENT IS ESSENTIALLY AN EXTENSION OF THE PRESENT ACCORD OF MARCH 1973; THAT IS, OF FOUR-YEAR DURATION (1 APRIL 1977 - 1 APRIL 1981), INDEXED FOR INFLATION, AND PROVIDING FOR MARGINAL ANNUAL INCREASES IN DEFENSE SPENDING AVERAGING APPROXIMATELY 1.5 PER CENT IN REAL TERMS.

4. THE ANNUAL DEFENSE BUDGET FOR THE NEXT FOUR YEARS WILL BE FIXED AT THE PRESENT EXPENDITURE LEVEL (FY1976/77) OF 5,826 MILLION KRONER IN APRIL 1976 PRICES. TO THIS BASELINE BUDGET ADDITIONAL APPROPRIATIONS WILL BE ADDED FOR (A) THE DANISH HOME GUARD; (B) EQUIPMENT AND PERSONNEL COSTS FOR MONITORING EXTENDED TERRITORIAL WATERS, PAR-
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TICULARLY OFF GREENLAND AND THE FAROE ISLANDS; (C) STEPPED-INCREASES IN CONSCRIPT PAY; AND (D) MISCELLANEOUS PROGRAMS, INCLUDING UN PEACEKEEPING OPERATIONS AND POLLUTION CONTROL. THESE ADDITIONAL EXPENDITURES WILL INCREASE TOTAL DANISH DEFENSE SPENDING IN FY 1980/82 TO 6,176 MILLION KRONER IN APRIL 1976 PRICES.

5. SVART EMPHASIZED THAT THE PARTIES TO THE DEFENSE AGREEMENT, WHO HOLD A LARGE MAJORITY IN THE FOLKETING, AGREED THAT MEASURES WOULD BE TAKEN TO (A) IMPROVE THE MOBILIZATION FORCE, THROUGH INCREASED EXERCISES AND SUPPLEMENTAL RESERVE OFFICER TRAINING AND (B) SPEED THE BUILDUP OF WAR RESERVE STOCKS.

6. ALTHOUGH NOTHING THAT ALLIED CONSULTATIONS WERE NOT REQUIRED ON THE NEW AGREEMENT, SVART STATED THAT DANISH AUTHORITIES CONSIDER IT ESSENTIAL THAT THE ALLIANCE BE GIVEN THE OPPORTUNITY TO COMMENT ON THE DRAFT AGREEMENT BEFORE THE FOLKETING DEFENSE COMMITTEE MAKES ITS FINAL REPORT, AND ASKED FOR SUCH COMMENTS PRIOR TO 18 MARCH. HE REPORTED THAT THE DANISH CHIEF OF DEFENSE WOULD BRIEF THE MILITARY COMMITTEE ON THE NEW AGREEMENT ON 8 MARCH.

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INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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TO SECSTATE WASHDC 2031
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INFO ALL NATO CAPITALS 6879
CINCLANT
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USLOSACLANT
USNMR SHAPE

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7. SYG LUNS APPLAUDED DENMARK'S EARLY CONSULTATIONS WITH NATO ON THE DEFENSE ACCORD AND THE STABILITY AND INFLATION-PROOF FRAMEWORK OF THE AGREEMENT, BUT REMARKED THAT THE LEVEL OF SPENDING INCREASE STILL FELL SHORT OF THAT REQUIRED TO MEET NATO FORCE GOALS. REFERRING TO DENMARK'S ECONOMIC DIFFICULTIES, LUNS STATED THAT THE INFLATION-PROFF DEFENSE AGREEMENT IS AN ENCOURAGING RESPONSE TO ALLIANCE DEFENSE NEEDS AND EXPRESSED THE HOPE THAT OTHERS WOULD EMULATE DENMARK'S ACTION. REGARDING DENMARK' REQUEST FOR ALLIED COMMENTS, LUNS SAID THAT THE DPC WILL RETURN TO THIS MATTER FOR INSTRUCTED DISCUSSION PRIOR TO 18 MARCH.

8. THE AMBASSADOR STATED THAT ON BALANCE WE WELCOME THE DANISH DEFENSE AGREEMENT, NOTING THAT IT WILL PROVIDE STABILITY IN DANISH DEFENSE PROGRAMS AND AID NATO PLANNING. HE APPLAUDED THE EFFORTS OF DANISH OFFICIALS IN ACHIEVING THE AGREEMENT IN THE FACE OF ECONOMIC PRESSURES.
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THE AMBASSADOR REFERRED TO THE POSITIVE FEATURES OF THE ACCORD BUT NOTED THAT (A) THE PLANNED RATE OF INCREASE IN DEFENSE SPENDING IS LESS THAN THAT OF THE CURRENT AGREEMENT AND (B) THAT THESE INCREASES WILL BE ABSORBED BY THE ADDITIONAL COSTS FOR THE HOME GUARD, RECRUIT PAY,

9. L/GEN COLLADAY (DEP CHAIRMAN MC) (A) CONCURRED WITH LUNS' APPRAISAL OF THE DANISH DEFENSE AGREEMENT, (B) REPORTED THAT THE DANISH CHIEF OF DEFENSE WOULD BRIEF THE MC ON 8 MARCH ON THE NEW AGREEMENT, AND (C) STATED

THAT THE MC APPRECIATES THE OPPORTUNITY TO EXAMINE
DANISH DEFENSE PLANS.

10. ON A SEPARATE MATTER, CATALANO DI MELILLI (ITALY)
STATED THAT THE RECENTLY APPROVED ITALIAN AIR FORCE
PROMOTIONAL LAW WOULD PROVIDE 100 BILLION LIRE ANNUALLY
FOR A TEN-YEAR PERIOD (1977-1987) AND THAT THE FOLLOWING
PROGRAMS ARE INCLUDED: 100 MRCA, RADAR FOR AIR DEFENSE,
A MISSILE SYSTEM FOR LOW-LEVEL AIR DEFENSE, AND TRAINING
AIRCRAFT (REF D).

11. ACTION REQUESTED: WASHINGTON VIES BY COB, 14 MARCH.
STRAUSZ-HUPE

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